

*OK Incoming
C/007/0045*

Memo

To: Angela Nance
From: Gina Rau
CC:
Date: 9/26/2008
Re: Affidavit and Exhibit D

Angela,

Attached are the Affidavit of Qualification and Exhibit D to go with the Letter of Credit for Covol's Wellington, Utah facility. If you need anything else, please let me know.

Thank you!

Gina

EXHIBIT "D"

**Stipulation to Revise
Reclamation Agreement
(Non-Federal)**

Permit Number: C1007/0045

Effective Date: 9/17/2008

Bond Number: 929392507

COAL

STIPULATION TO REVISE RECLAMATION AGREEMENT

--ooOOoo--

This **STIPULATION TO REVISE RECLAMATION AGREEMENT** entered into by and between the **PERMITTEE** and **DIVISION** incorporates the following revisions or changes to the **RECLAMATION AGREEMENT**: (Identify and Describe Revisions below)

In accordance with this **STIPULATION TO REVISE RECLAMATION AGREEMENT**, the following Exhibits have been replaced by the **PERMITTEE** and are approved by the **DIVISION**.

- Replace the Reclamation agreement in its entirety.
- Replace Exhibit "A"- permit area.
- Replace Exhibit "B"- bonding agreement
- Replace Exhibit "C"- liability insurance

The bonding amount is revised from \$ _____ to \$ _____.

The bonding type is changed from Surety Bond to Letter of Credit.

The surface disturbance is revised from _____ acres to _____ acres.

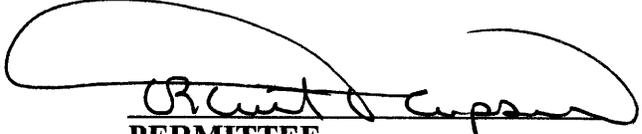
The expiration date is revised from _____ to _____.

The liability insurance carrier is changed from _____ to _____.

The amount of insurance coverage for bodily injury and property damage is changed from \$ _____ to \$ _____.

Carol Engineered

IN WITNESS WHEREOF, Fuels, LC the PERMITTEE has hereunto set its
signature and seal this 17th day of September, 2008.


PERMITTEE

By: Keith Thompson

Title: Vice President

ACCEPTED BY THE STATE OF UTAH this ___ day of _____, 20__.

Director, Division of Oil, Gas and Mining

NOTE: An **Affidavit of Qualification** must be completed and attached to this form for each authorized agent or officer. Where one signs by virtue of Power of Attorney for a company, such Power of Attorney must be filed with this Agreement. If the **PERMITTEE** is a corporation, the Agreement shall be executed by its duly authorized officer.

JPMorgan Chase Bank, N.A.
c/o JPMorgan Treasury Services
Global Trade Services
10420 Highland Manor Drive
Tampa, FL 33610

SEP 23, 2008

OUR L/C NO.:

LETTER OF CREDIT NO.: CTCS-679537
ISSUE DATE: SEPTEMBER 23, 2008

BENEFICIARY:
STATE OF UTAH
UTAH DIVISION OF OIL, GAS AND MINING
1594 WEST NORTH TEMPLE, SUITE 1210
SALT LAKE CITY, UTAH 84116

APPLICANT:
COVOL ENGINEERED FUELS, LC
10653 RIVER FRONT PARKWAY
SUITE 300
SOUTH JORDAN, UTAH 84095
ATTN: SCOTT BALLARD

**RE: PROVISIONS UNDER THE PERMIT ISSUED PURSUANT TO APPLICATION NUMBER
C/007/0045**

GENTLEMEN AND LADIES:

1. JPMORGAN CHASE BANK, N.A. ("BANK"), OF CHICAGO, ILLINOIS, HEREBY ESTABLISHES THIS IRREVOCABLE LETTER OF CREDIT (THE "LETTER OF CREDIT") IN FAVOR OF THE UTAH DIVISION OF OIL, GAS AND MINING ("DIVISION") FOR AN AGGREGATE AMOUNT NOT TO EXCEED U.S. \$165,000.00 IN UNITED STATES DOLLARS ("FACE AMOUNT") EFFECTIVE IMMEDIATELY, ON BEHALF OF COVOL ENGINEERED FUELS, LC ("OPERATOR"). WE HAVE BEEN INFORMED THAT THIS LETTER OF CREDIT IS ISSUED TO COVER OPERATIONS RELATED TO COAL PROCESSING WITHIN THE UNITED STATES OF AMERICA FOR PROVISIONS UNDER THE PERMIT ISSUED PURSUANT TO APPLICATION NUMBER C/007/0045.

2. THIS LETTER OF CREDIT WILL EXPIRE UPON THE FIRST EVENT SET FORTH AS FOLLOWS: (A) 5:00 O'CLOCK P.M. (CENTRAL STANDARD TIME) ON AUGUST 31, 2009 OR (B) THE DATE UPON WHICH SUFFICIENT DOCUMENTS ARE EXECUTED BY THE DIVISION TO RELEASE COVOL ENGINEERED FUELS, LC ("OPERATOR") FROM FURTHER LIABILITY FOR RECLAMATION OF THE PROVISIONS UNDER THE PERMIT ISSUED PURSUANT TO APPLICATION NUMBER C/007/0045 WITH NOTICE TO THE BANK BY THE

JPMorgan Chase Bank, N.A.
c/o JPMorgan Treasury Services
Global Trade Services
10420 Highland Manor Drive
Tampa, FL 33610

SEP 23, 2008

OUR L/C NO.:

DIVISION ACCOMPANIED BY THE ORIGINAL LETTER OF CREDIT WITH DIRECTIONS FOR CANCELLATION.

3. THIS LETTER OF CREDIT WILL BE AUTOMATICALLY EXTENDED FOR SUCCESSIVE PERIODS OF ONE (1) YEAR FROM THE CURRENT OR ANY FUTURE EXPIRATION DATE UNLESS AT LEAST NINETY (90) DAYS PRIOR TO THE EXPIRATION DATE, THE BANK GIVES NOTICE TO THE DIVISION BY ANY HAND DELIVERY COURIER SERVICE OR BY REGISTERED UNITED STATES MAIL 'RETURN RECEIPT REQUESTED' THAT THE BANK ELECTS NOT TO EXTEND THE LETTER OF CREDIT.

4. FUNDS UNDER THE LETTER OF CREDIT ARE AVAILABLE AGAINST THE DIVISION'S SIGHT DRAFT, IN THE FORM OF EXHIBIT A, SPECIFYING LETTER OF CREDIT NO. CTCS-679537 DELIVERED TO THE OFFICE OF THE BANK, JPMORGAN CHASE BANK, N.A., 300 SOUTH RIVERSIDE PLAZA, MAIL CODE IL1-0236, AND ATTN: STANDBY LETTER OF CREDIT UNIT, CHICAGO, IL 60606-0236. AT THE DIVISION'S SOLE ELECTION, THE DIVISION MAY PRESENT SIGHT DRAFTS FOR LESS THAN THE FACE AMOUNT SO LONG AS THE AGGREGATE AMOUNT OF ALL SIGHT DRAFTS DOES NOT EXCEED THE FACE AMOUNT. EACH DRAFT MUST BE ACCOMPANIED BY A CERTIFICATE IN THE FORM OF EXHIBIT B, SIGNED BY A DULY AUTHORIZED REPRESENTATIVE OF THE DIVISION.

5. IF THE BANK RECEIVES THE DIVISION'S SIGHT DRAFT(S) AND CERTIFICATE(S) AS PROVIDED IN PARAGRAPH NO. 4 ABOVE ON OR BEFORE THE TERMINATION OF THIS LETTER OF CREDIT, THE BANK WILL MAKE SUCH AMOUNT AS THE DIVISION MAY SPECIFY, WITHIN THE LIMITS OF THE SECOND SENTENCE OF PARAGRAPH NO. 4 OF THIS LETTER OF CREDIT, AVAILABLE TO THE DIVISION NO LATER THAN THE CLOSE OF BUSINESS, CENTRAL STANDARD TIME, ON THE SECOND BUSINESS DAY FOLLOWING THE BANK'S RECEIPT OF THE SIGHT DRAFT AND CERTIFICATE AND IN SUCH A MANNER AS THE DIVISION MAY SPECIFY. "BUSINESS DAY" MEANS ANY DAY THAT IS NOT A SATURDAY, SUNDAY OR OTHER DAY ON WHICH COMMERCIAL BANKS IN THE STATE OF NEW YORK ARE AUTHORIZED OR REQUIRED BY LAW TO CLOSE, AND A DAY ON WHICH THE NEW YORK STOCK EXCHANGE IS OPEN.

6. THE BANK WILL GIVE PROMPT NOTICE TO THE OPERATOR AND TO THE DIVISION DIRECTOR OF ANY NOTICE RECEIVED OR ACTION FILED ALLEGING THE INSOLVENCY OR BANKRUPTCY OF THE BANK, OR ALLEGING ANY VIOLATIONS OF REGULATORY REQUIREMENTS, WHICH COULD RESULT IN SUSPENSION OR REVOCATION OF THE BANK'S

JPMorgan Chase Bank, N.A.
c/o JPMorgan Treasury Services
Global Trade Services
10420 Highland Manor Drive
Tampa, FL 33610

SEP 23, 2008

OUR L/C NO.:

CHARTER OR LICENSE TO DO BUSINESS.

7. ALL COMMUNICATIONS REGARDING THIS LETTER OF CREDIT WILL BE ADDRESSED TO THE BANK 300 SOUTH RIVERSIDE PLAZA, MAIL CODE IL1-0236, CHICAGO, IL 60606-0236, ATTN: STANDBY LETTER OF CREDIT UNIT, PHONE NO. 1-800-634-1969, OPTION # 1 REFERENCING LETTER OF CREDIT NO. CTCS-679537.

8. IN THE EVENT THE BANK GIVES NOTICE TO THE DIVISION THAT THE EXPIRATION DATE OF THE LETTER OF CREDIT WILL NOT BE EXTENDED, THE DIVISION MAY, UNTIL THE CURRENT EXPIRATION DATE OF THE LETTER OF CREDIT, DRAW UNDER THE LETTER OF CREDIT AGAINST ITS SIGHT DRAFT(S) IN ACCORDANCE WITH THE PROVISIONS OF PARAGRAPH 4.

9. EXCEPT SO FAR AS OTHERWISE EXPRESSLY STATED, THIS IRREVOCABLE STANDBY LETTER OF CREDIT IS SUBJECT TO THE UNIFORM CUSTOMS AND PRACTICE FOR DOCUMENTARY CREDITS (2007 REVISION, INTERNATIONAL CHAMBER OF COMMERCE PUBLICATION NO. 600) (THE "UCP"). AS TO MATTERS NOT COVERED BY THE UCP AND TO THE EXTENT NOT INCONSISTENT WITH THE UCP, THIS LETTER OF CREDIT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE UNIFORM COMMERCIAL CODE, REVISED ARTICLE 5 OF THE STATE OF UTAH.

VERY TRULY YOURS,

JPMORGAN CHASE BANK, N.A.

BY: F. PETRASSI



(AUTHORIZED SIGNATURE)

TITLE: VICE PRESIDENT

JPMorgan Chase Bank, N.A.
c/o JPMorgan Treasury Services
Global Trade Services
10420 Highland Manor Drive
Tampa, FL 33610

SEP 23, 2008

OUR L/C NO.:

EXHIBIT A - SIGHT DRAFT
TO
LETTER OF CREDIT NUMBER CTCS-679537

DATE CITY, COUNTY LETTER OF CREDIT NO.

PAY TO THE ORDER OF: UTAH DIVISION OF OIL, GAS AND MINING,

U.S. DOLLARS

TO:
JPMORGAN CHASE BANK, N.A.
300 SOUTH RIVERSIDE PLAZA
MAIL CODE IL1-0236
CHICAGO, IL 60606-0236
ATTN: STANDBY LETTER OF CREDIT UNIT

UTAH DIVISION OF OIL, GAS AND MINING
1594 WEST NORTH TEMPLE SUITE 1210
SALT LAKE CITY, UTAH 84116

BY: _____
AUTHORIZED SIGNATURE

JPMorgan Chase Bank, N.A.
c/o JPMorgan Treasury Services
Global Trade Services
10420 Highland Manor Drive
Tampa, FL 33610

SEP 23, 2008

OUR L/C NO.:

EXHIBIT B
TO
LETTER OF CREDIT NUMBER

TO:
JPMORGAN CHASE BANK, N.A.
300 SOUTH RIVERSIDE PLAZA
MAIL CODE IL1-0236
CHICAGO, IL 60606-0236
ATTN: STANDBY LETTER OF CREDIT UNIT

I, _____ A DULY AUTHORIZED
REPRESENTATIVE OF THE UTAH DIVISION OF OIL, GAS AND MINING, HEREBY CERTIFY
THAT (1) THE DRAWING IN THE AMOUNT OF U.S.\$ _____, BY SIGHT DRAFT
ACCOMPANYING THIS CERTIFICATE, UNDER LETTER OF CREDIT NO. CTCS-679537
DATED SEPTEMBER 23, 2008 ISSUED BY YOU IS PERMITTED UNDER THE PROVISION OF
THE LETTER OF CREDIT, (2) THE LETTER OF CREDIT HAS NEITHER EXPIRED NOR
TERMINATED PURSUANT TO ITS TERMS, (3) THE AMOUNT OF THE SIGHT DRAFT,
TOGETHER WITH ANY AMOUNTS PREVIOUSLY DRAWN UNDER THE LETTER OF CREDIT,
DOES NOT EXCEED THE FACE AMOUNT, AND (4) THE AMOUNT TO BE DRAWN IS
NECESSARY TO ASSURE OR COMPLETE RECLAMATION OF THE PROVISIONS UNDER THE
PERMIT ISSUED PURSUANT TO APPLICATION NUMBER C/007/0045 IN ACCORDANCE WITH
APPLICABLE LAW.

UTAH DIVISION OF OIL, GAS AND MINING

BY: _____

AUTHORIZED SIGNATURE

DATE: _____

**CERTIFICATE OF
JPMORGAN CHASE BANK, NATIONAL ASSOCIATION**

I, Eva Loeffler, DO HEREBY CERTIFY that I am a duly elected and qualified Assistant Secretary of JPMorgan Chase Bank, National Association, a national banking association duly organized and existing under the laws of the United States of America (the "Bank") and that set forth below is a true and correct copy of resolutions duly adopted by the directors of the Bank pursuant to a unanimous written consent dated January 17, 2007. I further certify that said resolutions, at the date hereof, are still in full force and effect.

RESOLVED that loan agreements, contracts, indentures, mortgages, deeds, releases, conveyances, assignments, transfers, certificates, certifications, declarations, leases, discharges, satisfactions, settlements, petitions, schedules, accounts, affidavits, bonds, undertakings, guarantees, proxies, requisitions, demands, proofs of debt, claims, records, notes signifying indebtedness of JPMorgan Chase Bank, N.A. (the "Bank"), and any other contracts, instruments or documents in connection with the conduct of the business of the Bank, whether or not specified in the resolutions of the Bank's Board of Directors (the "Board") may be signed, executed, acknowledged, verified, delivered or accepted on behalf of the Bank by the Chairman of the Board, a Vice Chairman, any member of the Operating Committee or Executive Committee, any Executive Vice President, the Chief Financial Officer, the Treasurer, the Controller, the Chief Risk Officer, the Secretary, any Senior Vice President, any Managing Director, any Vice President, or any other officer who the Secretary or any Assistant Secretary certifies as having a functional title or official status which is equivalent to any of the foregoing, and the seal of the Bank may be affixed to any thereof and attested by the Secretary, any Vice President or any Assistant Secretary; *provided, however*, that any guarantees, comfort letters or other letters of support issued by the Bank in respect of obligations of any of the Bank's affiliates or subsidiaries ("Support Documents") may be executed only where consistent with such resolutions of the Board dated the date hereof, as may be amended, relating to the provision of Bank guarantees and other support issued by the Bank in respect of obligations of its subsidiaries and affiliates;

RESOLVED that powers of attorney may be executed on behalf of the Bank by the Chairman of the Board, the Chief Executive Officer, the President, the Chief Operating Officer, a Vice Chairman of the Board, a Vice Chairman, any member of the Operating Committee or Executive Committee, any Executive Vice President, the Chief Financial Officer, the Treasurer, the Controller, the Chief Risk Officer, the Secretary, any Senior Vice President, and by any Managing Director having a rank equivalent to Senior Vice President; *provided, however*, that such powers of attorney may not provide authority for signing Support Documents except as where consistent with such resolutions of the Board dated the date hereof, as may be amended, relating to the provision of Bank guarantees and other support issued by the Bank in respect of obligations of its subsidiaries and affiliates.

I FURTHER CERTIFY that **GIORE F. PETRASSI** is Vice President of JPMorgan Chase Bank, National Association and is empowered to act in conformity with the above resolutions. I also certify that the signature of said officer appearing below is a true and exact specimen of his or her signature.



WITNESS my hand and the seal of JPMorgan Chase Bank, National Association as of this 19th day of September, 2008.



Eva Loeffler
Assistant Secretary

(Corporate Seal)